

# **PAT TILLMAN FOUNDATION**

Financial Statements  
and  
Independent Auditors' Report

December 31, 2019  
(with comparative totals for 2018)

## CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1-2
Financial Statements:	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7-15



## Independent Auditors' Report

To the Board of Directors of  
Pat Tillman Foundation  
San Jose, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Pat Tillman Foundation (the Foundation, a California nonprofit public benefit corporation), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pat Tillman Foundation as of December 31, 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, in the year ended December 31, 2019, Pat Tillman Foundation adopted new accounting guidance Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-18, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions received and made by not-for-profit organizations. Our opinion is not modified with respect to this matter.

### **Report on Summarized Comparative Information**

We have previously audited Pat Tillman Foundation's 2018 financial statements, and our report dated May 8, 2019 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Fester & Chapman, PLLC*

May 21, 2020

Pat Tillman Foundation

STATEMENT OF FINANCIAL POSITION

December 31, 2019

(with comparative financial information as of December 31, 2018)

ASSETS		
	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,371,164	\$ 1,650,924
Investments	1,235,678	936,461
Contributions receivable	1,112,653	876,751
Prepaid expenses	212,643	43,258
Refundable deposit	6,800	6,800
Furniture and equipment, net	<u>                    </u>	<u>2,544</u>
Total assets	<u>\$ 3,938,938</u>	<u>\$ 3,516,738</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and other accrued expenses	\$ 45,834	\$ 96,059
Accrued payroll	82,504	92,256
Deferred revenue	<u>4,015</u>	<u>6,000</u>
Total liabilities	132,353	194,315
Net assets:		
Without donor restrictions:		
Undesignated	849,988	511,626
Designated by the Board of Directors:		
Scholarship renewals	<u>1,758,000</u>	<u>1,797,100</u>
Total without donor restrictions	2,607,988	2,308,726
With donor restrictions:		
Purpose restrictions	1,173,597	984,697
Time-restricted for future periods	<u>25,000</u>	<u>29,000</u>
Total with donor restrictions	<u>1,198,597</u>	<u>1,013,697</u>
Total net assets	<u>3,806,585</u>	<u>3,322,423</u>
Total liabilities and net assets	<u>\$ 3,938,938</u>	<u>\$ 3,516,738</u>

The accompanying notes are an integral part of these financial statements.

Pat Tillman Foundation

STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

(with comparative financial information for the year ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	<u>Totals</u>	
			2019	2018
Support, revenues, losses and gains:				
Special event - Pat's Run:				
Contributions, sponsorships and race entry fees	\$ 1,955,780	\$ 272,000	\$ 2,227,780	\$ 2,153,878
Contributed goods and services	1,896,834		1,896,834	1,350,663
Less direct benefits to participants and sponsors	(880,747)		(880,747)	(853,386)
Less direct in-kind benefits to participants and sponsors	<u>(1,881,834)</u>		<u>(1,881,834)</u>	<u>(1,350,663)</u>
	1,090,033	272,000	1,362,033	1,300,492
Contributions	1,711,044	798,897	2,509,941	2,408,658
Net gain (loss) on investments	163,334		163,334	(59,475)
Net assets released from restrictions	<u>885,997</u>	<u>(885,997)</u>		
Total support, revenues, losses and gains	<u>3,850,408</u>	<u>184,900</u>	<u>4,035,308</u>	<u>3,649,675</u>
Functional expenses:				
Tillman Military Scholars and Tillman Scholars - ASU Program	<u>2,770,057</u>		<u>2,770,057</u>	<u>2,665,850</u>
Supporting services:				
Management and general	275,996		275,996	204,379
Fundraising	<u>505,093</u>		<u>505,093</u>	<u>456,728</u>
Total supporting services	<u>781,089</u>		<u>781,089</u>	<u>661,107</u>
Total expenses	<u>3,551,146</u>		<u>3,551,146</u>	<u>3,326,957</u>
Change in net assets	299,262	184,900	484,162	322,718
Net assets, beginning of year	<u>2,308,726</u>	<u>1,013,697</u>	<u>3,322,423</u>	<u>2,999,705</u>
Net assets, end of year	<u>\$ 2,607,988</u>	<u>\$ 1,198,597</u>	<u>\$ 3,806,585</u>	<u>\$ 3,322,423</u>

The accompanying notes are an integral part of these financial statements.

Pat Tillman Foundation

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019

(with comparative financial information for the year ended December 31, 2018)

	PROGRAM SERVICES	SUPPORTING SERVICES			TOTALS	
	Tillman Military Scholars and Tillman Scholars-ASU Program	Management and general	Fundraising	Total	2019	2018
Expenses:						
Salaries and personnel services	\$ 574,523	\$ 99,913	\$ 231,736	\$ 331,649	\$ 906,172	\$ 782,720
Employee benefits	42,076	2,097	17,799	19,896	61,972	50,079
Payroll taxes	44,561	38,377	17,793	56,170	100,731	77,926
Total salaries and related expenses	661,160	140,387	267,328	407,715	1,068,875	910,725
Scholarships and program support	1,472,015				1,472,015	1,487,727
Professional services	105,237	60,048	16,535	76,583	181,820	231,803
Professional services (in-kind)	15,000				15,000	
Public relations	69,234				69,234	73,004
Travel, training and meeting	281,694	36,502	22,121	58,623	340,317	330,610
Fundraising and database	30,464	18,865	136,101	154,966	185,430	137,034
Telephone and internet	51,071	4,386	989	5,375	56,446	9,685
Occupancy	60,676	9,292	36,502	45,794	106,470	92,339
Administrative fees		2,031		2,031	2,031	4,437
Printing	8,601	1,356	2,770	4,126	12,727	10,618
Postage and shipping	641	539	4,058	4,597	5,238	5,957
Miscellaneous	3,640	495	11,655	12,150	15,790	13,170
Office	3,738	938	2,026	2,964	6,702	8,233
Insurance	5,546	929	4,032	4,961	10,507	8,796
Total expenses before depreciation	2,768,717	275,768	504,117	779,885	3,548,602	3,324,138
Depreciation	1,340	228	976	1,204	2,544	2,819
Total expenses	\$ 2,770,057	\$ 275,996	\$ 505,093	\$ 781,089	\$ 3,551,146	\$ 3,326,957
Percentage of total	<u>78%</u>	<u>8%</u>	<u>14%</u>	<u>22%</u>	<u>100%</u>	

The accompanying notes are an integral part of these financial statements.

Pat Tillman Foundation

STATEMENT OF CASH FLOWS

Year Ended December 31, 2019

(with comparative financial information for the year ended December 31, 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 484,162	\$ 322,718
Adjustments to reconcile change in net assets to net cash and cash equivalents (used) provided by operating activities:		
Unrealized and realized (gain) loss on investments	(137,786)	82,362
Depreciation	2,544	2,819
Loss on disposal of furniture and equipment		1,619
Change in:		
Contributions receivable	(235,902)	(182,240)
Prepaid expenses	(169,385)	34,048
Refundable deposit		4,332
Accounts payable and other accrued expenses	(50,225)	41,491
Accrued payroll	(9,752)	8,260
Deferred revenue	(1,985)	(718)
Deferred rent		<u>1,500</u>
Net cash and cash equivalents (used) provided by operating activities	(118,329)	316,191
Cash flows from investing activities:		
Purchases of investments	<u>(161,431)</u>	<u>(22,079)</u>
Net cash and cash equivalents used by investing activities	<u>(161,431)</u>	<u>(22,079)</u>
Change in cash and cash equivalents	(279,760)	294,112
Cash and cash equivalents, beginning of year	<u>1,650,924</u>	<u>1,356,812</u>
Cash and cash equivalents, end of year	<u>\$ 1,371,164</u>	<u>\$ 1,650,924</u>

The accompanying notes are an integral part of these financial statements.

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(with comparative financial information as of and for the year ended December 31, 2018)

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In 2004, the Pat Tillman Foundation (the Foundation) was created by Tillman family and friends to honor Pat's legacy, as a 501(c)(3) nonprofit public benefit corporation. Pat Tillman was born in San Jose, California in 1976. He attended Arizona State University, and in 1998 was drafted by the Arizona Cardinals in the seventh round. In July of 2002, Pat placed his NFL career on hold to serve his country. Following Pat's death in 2004, while serving with the U.S. Army's 75th Ranger Regiment in Afghanistan, his family and friends established the Pat Tillman Foundation.

The significant accounting policies of the Foundation are as follows:

Basis of Presentation - The Foundation follows standards of accounting and financial reporting for voluntary health and welfare organizations as prescribed by accounting principles generally accepted in the United States of America. In accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) topic of *Not-for-Profit Entities*, the Foundation reports its financial position and operating activities in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions include those net assets over which the Board of Directors has discretionary control in carrying out the operations of the Foundation. Under this category the Foundation maintains an operating fund, plus any net assets designated by the Board for specific purposes. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Net assets with donor restrictions include those net assets which are subject to donor or time restrictions, and for which the applicable restrictions were not met as of the end of the fiscal year.

Use of Estimates - In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(with comparative financial information as of and for the year ended December 31, 2018)

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
CONTINUED

Cash and Cash Equivalents - For the purposes of the statement of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Foundation maintains its cash and cash equivalents in bank deposit accounts, which at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes it is not exposed to any significant risks on cash accounts.

Investments - Investments are recorded at fair value. Unrealized and realized gains and losses are accounted for as investment income.

Contributions Receivable - Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Management considers its contributions receivable to be fully collectible, and accordingly, no allowance for doubtful accounts has been recorded.

Prepaid Expenses - Prepaid expenses consist of amounts paid in advance for expenses relating to the Pat's Run event to be held in the subsequent year, as well as business liability and Directors and Officers liability insurance premiums.

Furniture and Equipment - Furniture and equipment costing more than \$5,000 is capitalized and stated at historical cost. Donated furniture and equipment meeting the capitalization threshold is stated at estimated fair value at the date of donation. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets is expensed as incurred. Furniture and equipment is depreciated over 5 years using the straight-line method.

Revenue Recognition - The Foundation recognizes support and revenue on the accrual basis of accounting. Entry fees received for events held in a subsequent fiscal year are recorded as deferred event revenue when received, and recognized as revenue in the period in which the event occurs.

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(with comparative financial information as of and for the year ended December 31, 2018)

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
CONTINUED

Contributions - Contributions are reported in accordance with the FASB ASC topic of *Not-for-Profit Entities*. Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as with donor restrictions or without donor restrictions depending on the nature of donor restrictions and depending on whether the restrictions are met in the current fiscal period. Restricted contributions are reported as increases in net assets without restrictions if the restrictions have been met in the current fiscal period. If the restriction has not been met by fiscal year end, the amount is reported as an increase in net assets with donor restrictions. When the restriction is finally met on a contribution received in a prior fiscal period, the amount is shown as a reclassification of net assets with donor restrictions to net assets without donor restrictions.

Contributions In-Kind - Contributions in-kind are also recognized in accordance with the provisions of the FASB ASC topic of *Not-for-Profit Entities*. Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Foundation would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Foundation also receives donated services that do not require specific expertise, but which are nonetheless central to the Foundation's operations. No volunteer services are recognized in the accompanying financial statements as they do not meet the above criteria; however, a substantial number of volunteers have donated significant amounts of their time to the Foundation.

Income Taxes - The Foundation is exempt from federal and state income taxes as an organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

Functional Expense Allocation - The costs of providing program and other activities are reported on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated to program and supporting services benefited based on directly identifiable expenses, or on management's estimates of employee hours and facility usage devoted to each function.

Prior Year Summarized Information - The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should only be read in conjunction with the Foundation's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(with comparative financial information as of and for the year ended December 31, 2018)

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
CONTINUED

Change in Accounting Principle: On June 21, 2018, FASB issued Accounting Standards Update (ASU) 2018-18, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction by clarifying how a not-for-profit organization determines whether a resource provider is participating in an exchange transaction.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Foundation monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. The Foundation has the following financial assets that could readily be made available within one year of each fiscal year end to fund expenses without limitations:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 1,371,164	\$ 1,650,924
Investments	1,235,678	936,461
Contributions receivable	<u>1,112,653</u>	<u>876,751</u>
Total financial assets	3,719,495	3,464,136
Less amounts unavailable for general expenditure within one year:		
Board-designated:		
Scholarship renewals	<u>(1,758,000)</u>	<u>(1,797,100)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,961,495</u>	<u>\$ 1,667,036</u>

In addition to financial assets available to meet general expenditures over the year, the Foundation operates with a balanced budget and anticipates covering its general expenditures by collecting contributions, grants, and other revenues and by utilizing donor-restricted resources from current and prior years gifts. As part of the liquidity management plan, the Foundation has invested amounts in short-term investments and money market funds.

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(with comparative financial information as of and for the year ended December 31, 2018)

NOTE 3 - PROGRAM SERVICES

The programmatic pillar of the Pat Tillman Foundation is the Tillman Scholars (TS) Program. Founded in 2008, the TS Program supports our nation's active-duty service members, veterans and their spouses with an academic scholarship and programmatic support. The scholarship covers direct study-related expenses, including tuition and fees, books and living expenses, for scholars who are pursuing undergraduate, graduate or professional degrees as a full-time student at a public or private, U.S.-based accredited institution. Each year, the Foundation selects up to 60 Tillman Scholars who embody Pat's commitment to service, learning and action. The Scholars chosen demonstrate extraordinary academic and leadership potential, a track record of perseverance, and a deep desire to create positive change through their work in the fields of medicine, law, business, policy, technology, education, and the arts.

Since its inception, the TS Program has evolved into a community of military veterans and spouses, accepting applicants based on merit and potential for impact. Overall, since inception the Foundation has invested over \$18 million in Tillman Scholar scholarships and has named over 640 Tillman Scholars at more than 120 academic institutions nationwide. Tillman Scholars represent all five branches of the United States military, including the National Guard and reserves, as well as military spouses.

Aided by a grassroots marketing effort, the Foundation received nearly 2,400 complete applications during the month-long submission window during the year ended December 31, 2019. After careful review and consideration among regional and final selection committees, 60 candidates were selected to join the tenth class of Tillman Scholars. During the years ended December 31, 2019 and 2018, the Foundation awarded \$1,397,542 and \$1,388,000, respectively, in scholarships. As of December 31, 2019 and 2018, the Board has designated \$1,758,000 and \$1,797,100, respectively, in funds for anticipated scholarship fund renewals for current Tillman Military Scholars. Prior to focusing on veterans' education, the Foundation fully endowed the Leadership Through Action™ program at Arizona State University, serving promising undergraduate students with a unique personal development and leadership curriculum.

NOTE 4 - CASH AND CASH EQUIVALENTS

The Foundation's cash and cash equivalents consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Cash in bank	\$ 1,352,522	\$ 1,506,737
Money market funds	<u>18,642</u>	<u>144,187</u>
	<u>\$ 1,371,164</u>	<u>\$ 1,650,924</u>

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(with comparative financial information as of and for the year ended December 31, 2018)

NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities, and they are considered to be the most reliable evidence of fair value.

Level 2 inputs are observable inputs, either directly or indirectly, other than quoted prices included within Level 1. The Foundation currently does not have any financial instruments it values based on Level 2 inputs.

Level 3 inputs are unobservable and are used to measure fair value only when observable inputs are not available. The Foundation currently does not have any financial instruments it values based on Level 3 inputs.

Fair value of assets measured on a recurring basis at December 31, 2019 was as follows:

	<u>Level 1</u>
Mutual funds:	
US fixed income	\$ 164,692
Non-US fixed income	104,571
US fund bonds	131,068
International equities	164,280
Large cap equity	365,259
Other	<u>305,808</u>
Total investments	<u><u>\$ 1,235,678</u></u>

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(with comparative financial information as of and for the year ended December 31, 2018)

NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

Fair value of assets measured on a recurring basis at December 31, 2018 was as follows:

	<u>Level 1</u>
Mutual funds:	
US fixed income	\$ 233,565
Non-US fixed income	85,996
International equities	126,676
Large cap equity	285,956
Other	<u>204,268</u>
Total investments	<u><u>\$ 936,461</u></u>

Investments consist of shares in mutual funds, and are stated at fair value. Net investment income (loss) consisted of the following for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 25,548	\$ 22,887
Unrealized and realized gain (loss)	<u>137,786</u>	<u>(82,362)</u>
	<u><u>\$ 163,334</u></u>	<u><u>\$ (59,475)</u></u>

NOTE 6 - CONTRIBUTIONS RECEIVABLE, NET

The Foundation's contributions receivable totaling \$1,112,653 and \$876,751 at December 31, 2019 and 2018, respectively, were due in less than one year.

At December 31, 2019, and 2018, 67% and 68%, respectively, of contributions receivable was due from one donor. The Foundation considers the balances to be fully collectible and has not recorded an allowance for doubtful accounts at December 31, 2019 or 2018.

NOTE 7 - FURNITURE AND EQUIPMENT, NET

Furniture and equipment consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 14,105	\$ 14,105
Less: Accumulated depreciation	<u>(14,105)</u>	<u>(11,561)</u>
Furniture and equipment, net	<u><u>\$</u></u>	<u><u>\$ 2,544</u></u>

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(with comparative financial information as of and for the year ended December 31, 2018)

NOTE 8 - BOARD RESTRICTED NET ASSETS

The Foundation's Board of Directors has established funds designated for anticipated scholarship renewals for current Tillman Military Scholars. These amounts have been included in net assets without donor restrictions as designations imposed by the Board and are not donor restricted.

NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with donor restrictions activity for the year ended December 31, 2019 is as follows:

	Beginning <u>Balance</u>	<u>Contributions</u>	<u>Releases</u>	Ending <u>Balance</u>
Time restriction on contributions receivable	\$ 29,000	\$ 25,000	\$ (29,000)	\$ 25,000
Pat's Run sponsorships and registrations	226,840	272,000	(226,840)	272,000
Other event sponsorships	215,000	200,000	(215,000)	200,000
Scholarships	510,000	450,000	(390,000)	570,000
Other program expenses	<u>32,857</u>	<u>123,897</u>	<u>(25,157)</u>	<u>131,597</u>
	<u>\$ 1,013,697</u>	<u>\$ 1,070,897</u>	<u>\$ (885,997)</u>	<u>\$ 1,198,597</u>

Net assets with donor restrictions activity for the year ended December 31, 2018 is as follows:

	Beginning <u>Balance</u>	<u>Contributions</u>	<u>Releases</u>	Ending <u>Balance</u>
Time restriction on contributions receivable	\$ 70,000	\$ 29,000	\$ (70,000)	\$ 29,000
Pat's Run sponsorships and registrations	204,638	226,840	(204,638)	226,840
Other event sponsorship	150,000	215,000	(150,000)	215,000
Scholarships	294,000	590,000	(374,000)	510,000
Other program expenses	<u>75,274</u>	<u>27,657</u>	<u>(70,074)</u>	<u>32,857</u>
	<u>\$ 793,912</u>	<u>\$ 1,088,497</u>	<u>\$ (868,712)</u>	<u>\$ 1,013,697</u>

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(with comparative financial information as of and for the year ended December 31, 2018)

NOTE 10 - CONTRIBUTIONS IN-KIND

The estimated fair value of donated materials, facilities, travel, and expert services received are recorded as contributions in-kind. The Foundation strives to offset real costs wherever possible with donated goods and services, utilizing its signature fundraiser as a valuable sponsorship asset. During the years ended December 31, the Foundation recognized the following in-kind contributions:

	<u>2019</u>	<u>2018</u>
Donated supplies	\$ 51,076	\$ 3,718
Professional services	15,000	\$
Special event support	<u>1,830,758</u>	<u>1,350,663</u>
	<u>\$ 1,896,834</u>	<u>\$ 1,354,381</u>

NOTE 11 - CONCENTRATIONS

The Foundation sponsors several fundraising events each year to help fund its Tillman Military Scholars Program. The largest event, Pat's Run, is a 4.2 mile run/walk held in Tempe, Arizona annually. During the years ended December 31, 2019 and 2018, net proceeds of \$1,362,033 and \$1,300,492, respectively, excluding in-kind contributions, comprised 34% and 36%, respectively, of total revenue and support each year.

NOTE 12 - CONFLICT OF INTEREST POLICY

Included among the Foundation's Board of Directors and officers are volunteers from the community who provide valuable assistance to the Foundation in the development of policies and programs and in the evaluation of business transactions. The Foundation has adopted a conflict of interest policy whereby Board members are disqualified from participation in the final decisions regarding any action affecting their related companies or agencies.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 21, 2020, which was the date The Foundation's financial statements were available to be issued. The COVID-19 outbreak in the United States has caused business disruptions through mandated and voluntary closings of various entities. While the disruption is expected to be temporary, there is considerable uncertainty around the duration of the closings and the related financial impact. However, while the complete financial impact and duration cannot be fully known at this time, as of May 21, 2020, The Foundation has estimated loss of approximately \$3.25m of its scheduled revenue for 2020.